



17555 PEAK AVENUE MORGAN HILL CALIFORNIA 95037

MORGAN HILL

FINANCE AND AUDIT COMMITTEE

Morgan Hill Civic Center
Administration Conference Room
17555 Peak Avenue
Morgan Hill, California

Committee Member
Committee Member
City Treasurer
Staff: Finance Director

Steve Tate
Greg Sellers
Mike Roorda
Jack Dilles

SPECIAL MEETING

Wednesday, October 16, 2002

MINUTES

5:40 P.M.

CALL TO ORDER

Committee Members Tate & Roorda; Committee Member Sellers arrived at 6:23 P. M.;
Staff: Dilles

DECLARATION OF POSTING OF AGENDA

In compliance with Government Code 54954.2

PUBLIC COMMENTS

The Morgan Hill Finance and Audit Committee welcomes comments from all individuals on any agenda item being considered by the Committee. In the interest of brevity and timeliness and to ensure the participation of all those desiring an opportunity to speak, comments presented to the Committee are limited to Three Minutes.

BUSINESS:

1. Selection of Committee Chair

City Treasurer was elected as Committee Chair.

2. Approval of minutes for September 25, 2002.

The minutes for September 25, 2002 were approved.

3. Investing to Benefit the Local Economy (Discussion)

Staff presented a verbal report, indicating that discussions with representatives from both South Valley National Bank and Heritage Bank South Valley were continuing regarding the potential investment of idle City monies with these banks so that these investments would benefit the local community. Staff has scheduled a meeting with South Valley Bank to discuss their proposal.

4. Update on SCRWA Morgan Hill Series Wastewater Bond Refinancing

Staff referred to the information provided in the agenda packet and informed the Committee that the recently completed SCRWA sewer bond refinancing had saved the City \$2,308,197 in future dollars or \$1,618,563 in present value dollars. Staff also indicated that research is continuing to determine whether the issuer of an agreement in which the reserve fund for the old SCRWA bond issue owed the City any additional dollars beyond the face value of the investment in recognition of the investment's market value. Staff indicated that staff is working with the financing professionals and bond counsel to determine the appropriate outcome.

5. Update on Sewer & Water Revenue Requirements Study (Discussion Update)

Staff presented a verbal report indicating that it appears that revenue requirements calculated by the City's consultant show no need to increase sewer rates over the next 5 years and show some need to increase revenue to meet water revenue requirements. A complete report with specific alternatives will be presented to the City Council on November 13. Chair Roorda inquired as to the risk facing the City that it would have insufficient water to meet community needs. Staff responded that it is necessary to increase water infrastructure in Morgan Hill and that capital projects, as described in the Water master Plan, are being developed to meet these needs. It was agreed that citizen review of the process is important as the City reviews the water and sewer revenue requirements.

6. Financial and Investment Report for October 2002

This item was briefly discussed.

7. Future Agenda Items

Staff indicated that staff will be bringing a work plan agenda item and a discussion of potential new revenue sources for the City.

ADJOURNMENT

NOTICE

AMERICANS WITH DISABILITY ACT (ADA)

The City of Morgan Hill complies with the Americans with Disability Act (ADA) and will provide reasonable accommodation to individuals with disabilities to ensure equal access to all facilities, programs and services offered by the City.

If assistance is needed regarding any item appearing on the City Council agenda, please contact the Office of the City Clerk at 17555 Peak Avenue or call 779-7259 or (Hearing Impaired only - TDD 776-7381) to request accommodation.